

1 **VIRGINIA TOBACCO INDEMNIFICATION**
2 **AND COMMUNITY REVITALIZATION COMMISSION**

3 701 East Franklin Street, Suite 501

4 Richmond, Virginia 23219

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9 **Full Commission Meeting**

10 Tuesday, April 29, 2008

11 10:00 a.m.

12
13 Hotel Roanoke

14 Room Roanoke D

15 Roanoke, Virginia

1 **APPEARANCES:**

- 2 The Honorable Charles R. Hawkins, Chairman
- 3 Mr. S. Stephen Banner
- 4 Mr. Kenny F. Barnard
- 5 The Honorable Robert S. Bloxom, Secretary of Agriculture and Forestry
- 6 Mr. Clarence D. Bryant, III
- 7 The Honorable Kathy J. Byron
- 8 Ms. Linda P. DiYorio
- 9 Mr. Fred M. Fields
- 10 The Honorable Patrick O. Gottschalk, Secretary of Commerce and Trade
- 11 Mr. Scott M. Harwood, Sr.
- 12 Mr. L. Jackson Hite
- 13 The Honorable Clarke N. Hogan
- 14 Mr. Jordan M. Jenkins, Jr.
- 15 The Honorable Joseph P. Johnson, Jr.
- 16 The Honorable Terry G. Kilgore
- 17 The Honorable Daniel W. Marshall, III
- 18 Mr. Buddy Mayhew
- 19 The Honorable Harrison A. Moody
- 20 The Honorable Edward Owens
- 21 The Honorable Phillip P. Puckett
- 22 Mr. David S. Redwine
- 23 Mr. Kenneth O. Reynolds
- 24 The Honorable Frank M. Ruff
- 25 Mr. James C. Thompson

1 **APPEARANCES: (cont'd)**

2 The Honorable Jody Wagner

3 The Honorable William C. Wampler, Jr.

4 The Honorable Thomas C. Wright, Jr.

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7 COMMISSION STAFF:

8 Mr. Neal Noyes, Executive Director

9 Mr. Ned Stephenson, Deputy Director

10 Mr. Timothy Pfohl, Grants Program Administration Manager

11 Ms. Stephanie Wass, Director of Finance

12 Ms. Britt Nelson - Grants Coordinator, Southside Virginia

13 Ms. Sara Williams - Grants Coordinator, Southwest Virginia

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15 OFFICE OF THE ATTORNEY GENERAL:

16 Mr. Francis N. Ferguson, Deputy Attorney General,

17 Counsel for the Commission

18 Ms. Stephanie Hamlett, Bond Counsel

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1 SENATOR HAWKINS: All right, I'll call the
2 meeting to order, and we'll get started. I'd like to first of all thank Dewberry
3 and Davis for an outstanding reception, and I hope everyone enjoyed it.

4 Neal, please call the roll.

5 MR. NOYES: Mr. Banner?

6 MR. BANNER: Here.

7 MR. NOYES: Mr. Barnard?

8 MR. BARNARD: Here.

9 MR. NOYES: Secretary Bloxom?

10 SECRETARY BLOXOM: Here.

11 MR. NOYES: Mr. Bryant?

12 MR. BRYANT: Here.

13 MR. NOYES: Delegate Byron?

14 DELEGATE BYRON: Here.

15 MR. NOYES: Mr. Day?

16 MR. DAY: (No response.)

17 MR. NOYES: Ms. DiYorio?

18 MS. DIYORIO: Here.

19 MR. NOYES: Mr. Fields?

20 MR. FIELDS: Here.

21 MR. NOYES: Secretary Gottschalk?

22 SECRETARY GOTTSCHALK: Here.

23 MR. NOYES: Mr. Harwood?

24 MR. HARWOOD: Here.

25 MR. NOYES: Mr. Hite?

1 MR. HITE: Here.
2 MR. NOYES: Delegate Hogan?
3 DELEGATE HOGAN: Here.
4 MR. NOYES: Mr. Jenkins?
5 MR. JENKINS: Here.
6 MR. NOYES: Delegate Johnson?
7 DELEGATE JOHNSON: Here.
8 MR. NOYES: Delegate Marshall?
9 DELEGATE MARSHALL: Here.
10 MR. NOYES: Mr. Mayhew?
11 MR. MAYHEW: Here.
12 MR. NOYES: Mr. Moody?
13 MR. MOODY: Here.
14 MR. NOYES: Ms. Nyholm?
15 MS. NYHOLM: (No response.)
16 MR. NOYES: Mr. Owens?
17 MR. OWENS: Here.
18 MR. NOYES: Senator Puckett?
19 SENATOR PUCKETT: Here.
20 MR. NOYES: Mr. Redwine?
21 MR. REDWINE: Here.
22 MR. NOYES: Mr. Reynolds?
23 MR. REYNOLDS: Here.
24 MR. NOYES: Senator Ruff?
25 SENATOR RUFF: Here.

1 MR. NOYES: Mr. Stith?

2 MR. STITH: (No response.)

3 MR. NOYES: Mr. Thompson?

4 MR. THOMPSON: Here.

5 MR. NOYES: Secretary Wagner?

6 SECRETARY WAGNER: Here.

7 MR. NOYES: Senator Wampler?

8 SENATOR WAMPLER: Here.

9 MR. NOYES: Delegate Wright?

10 DELEGATE WRIGHT: Present.

11 MR. NOYES: Delegate Kilgore?

12 DELEGATE KILGORE: Here.

13 MR. NOYES: Senator Hawkins?

14 SENATOR HAWKINS: Here.

15 MR. NOYES: You have a quorum.

16 SENATOR HAWKINS: Next, we have approval
17 of the Minutes of January 8, 2008. It's been moved and seconded they be
18 approved. All in favor say aye? (Ayes.) Opposed? (No response.) The
19 Minutes are approved.

20 Before we get into the meeting, I'd like to make some
21 comments. In your folder is the Blue Ribbon Committee's final report.
22 We're not going to go through it today, but Delegate Byron's committee will
23 look at it and make some recommendations. What I'm looking at is
24 sometime in July probably having a retreat down at Berry Hill and the
25 Commission meet and have an exchange back and forth, building on the

1 recommendations. We can go back and forth on these recommendations and
2 ask some questions, and maybe we can start building on the
3 recommendations. There are some good recommendations, and there are
4 some that are probably not practical, but I want to make sure that we go
5 through this thoroughly and give everyone an opportunity to be heard.

6 There is a lot of work that went into this. I want to publicly
7 thank Governor Baliles and his Committee for the work that they have done.
8 This group put in hours with no compensation except for the feeling that
9 they were doing the right thing for our area. I'm just amazed with what
10 they've come up with in the recommendations, and they deserve a great deal
11 of credit, each and every one of them. I want to try to make sure they
12 receive something from us to show our gratitude, and when we have an
13 opportunity to meet in July I'd like each and every one of you to thank them
14 for what they gave up in time. I'll be most appreciative of that, too.

15 There is one thing I would like to touch on before we get into
16 this, food for thought. There is a discussion on the formulary, and as you
17 know, that's part of the discussion in their recommendation. The last
18 meeting of the Executive Committee there was a lot of discussion about the
19 committee structure. The committee structure we need to look at. If you
20 look at the diversity of our communities, both in Southwest and Southside,
21 and the things we're trying to accomplish, it's very difficult to do away with
22 some of these major committees, and Special Projects is one of those. The
23 recommendation today that we'll be dealing with coming up with Special
24 Projects, if we have no other place to deal with those types of
25 recommendations on research facilities and on cancer research, this is a very

1 unusual place, but it gives us access to what we need. I think the thing we
2 need to remember is that regardless of how these committees are structured,
3 the ultimate yes or no vote is within the discretion of this Commission. So,
4 we can always raise questions in these subcommittees, and don't feel the
5 least bit hesitant to raise questions if you see something you have questions
6 about. You need to ask questions and get the knowledge that you need
7 before you vote. This is not a rubber-stamp Commission. Also, please
8 remember that the size of this Commission does not lend itself to meeting in
9 a body as a whole, and we need to have a committee structure if we plan to
10 accomplish anything.

11 Speaking of our Commission meetings, we have four meetings
12 a year. They cost about \$15,000. There is a thought that we may be able to
13 consolidate them down to three meetings a year and use the committee
14 structure to do the other things in the full Commission meeting. I'm not
15 sure. There are a lot of new Commission members and old Commission
16 members that may feel like they've been left out and they are not taking part
17 in the overall discussion, at least four times a year. We need to make sure
18 that everyone on this Commission feels like they are part of the decision-
19 making process. It's difficult because of the size of the Commission, but
20 hopefully the subcommittees give everyone an opportunity to have at least
21 some say-so in the structure as we go along. Southwest and Southside have
22 done an outstanding job with what they've been assigned to do. I think it
23 would be very difficult to try to change that at this point. Go through the
24 recommendations and read them over, and Kathy's committee will come
25 back and make their recommendations based on what they've been able to

1 get from this. We need to have a dialogue if we're going to start structuring
2 ourselves for these economic problems. We're looking at a different
3 dynamic altogether. We've got to be flexible to be able to deal with it. The
4 things we did ten years ago may not necessarily be the best for us today. I
5 hope everyone will not be shy and make their recommendations known as
6 we go through this. Also, in July we do not want to forget to thank these
7 people for what they've done with this report, the work and the time that
8 they've put into it. I just can't thank them enough for the time they've put
9 into this and their willingness to do this. I just can't say enough about the
10 report and about the time and effort that went into this, and we need to thank
11 them.

12 Having said that, Ed Owens, Southside Economic Development
13 Committee.

14 MR. OWENS: Mr. Chairman, the Southside
15 Economic Development Committee recommends that the Commission
16 award nine grants totaling 6.9 million, as shown behind tab number two in
17 your book, subject to each grantee's satisfactory fulfillment of its obligations
18 under certain TROF agreements listed before the Southside Committee at its
19 April 10, 2008 meeting.

20 SENATOR HAWKINS: Is that a motion?

21 MR. OWENS: Yes.

22 SENATOR HAWKINS: You're making that as a
23 block?

24 MR. OWENS: Yes.

25 SENATOR HAWKINS: In tab number two, the

1 recommendation of the block, starting with request number 1589 and going
2 through 1682. Any discussion? Does everyone understand the
3 recommendation? All in favor say aye ? (Ayes.) Opposed? (No response.)
4 The motion carries. Thank you.

5 Next, is Southwest Economic Development Committee.,
6 Delegate Kilgore.

7 DELEGATE KILGORE: Thank you, Mr.
8 Chairman. Southwest Economic Development Committee met this morning
9 at 8:30, and we had two grants before us from Smyth County, Project 1596
10 and one from Washington County, Project Number 1597. Both of these
11 requests dealt with mega site development projects and expenses that both
12 counties incurred due to working on this mega site. These expenses were
13 incurred as a result of working with the Partnership and Southwest
14 Economic Development, and the Committee voted this morning
15 unanimously to recommend that both of these requests be approved. Mr.
16 Chairman, I so move.

17 SENATOR HAWKINS: It's been moved and
18 seconded that the recommendation from the Southwest Economic
19 Development Committee be adopted. That is Project 1596 and 1597. Any
20 discussion? Does everyone feel comfortable with the recommendation? All
21 in favor say aye ? (Ayes.) Opposed? (No response.) Thank you.

22 Next we have C. D. Bryant on the Bio-energy Project.
23 Yesterday in Gretna we had an opportunity to see the prototype. Ladies and
24 gentlemen, we may be on the verge of being able to do something and
25 change the dynamics again for our entire region. This overshadows

1 everything we've done to date by making an endorsement to be energy-
2 independent. This is a fascinating subject matter and something that we
3 need to continue developing. This machine can develop a product that can
4 help us reduce our dependency on foreign oil, and we've got to quit doing
5 what we're doing because, we can no longer continue the process of
6 borrowing money from Saudi Arabia and buying oil. Everyone knows our
7 good friend in Venezuela isn't looking out for our welfare, so we need to
8 make some changes so we can be independent. Having said that, Mr.
9 Bryant.

10 MR. BRYANT: The Bio-energy Committee met
11 yesterday in Gretna, Virginia at Windy Acres with the project manager, Ken
12 Moss, who is head of the pyrolysis unit that is assembled at Windy Acres. I
13 must say it was very impressive. If you want to talk about a project, we've
14 got it. He's quite diligent, and the time he has put in and the sincerity he has
15 for this project, I think you can certainly tell that he has it by his actions so
16 far.

17 Also, Phil Badger, who brought the technology with the
18 pyrolysis unit working with Ken, and an enhancement to the project. It's
19 unbelievable, it's almost like finding a needle in the haystack. This is
20 cutting-edge technology that we're very proud of, and as Senator Hawkins
21 said, I think it's going to make a difference and something we can all be
22 proud of. I heard from all of the project leaders yesterday in the Committee,
23 and I want to give you a few figures, and then I'll give you an overview of
24 what was said. Budget for this project contains four different prices. One is
25 \$1,140,000. Spent and encumbered is \$927,698. The main balance is

1 \$212,301. \$29,198 is de-obligated from Virginia Tech and put in the
2 account of Concerned Fiends of Tobacco as a 501c. this is for the project at
3 Windy Acres, which is the pyrolysis unit I just talked about. That leaves a
4 balance at Virginia Tech of \$183,102.

5 The four projects that are taking place in the bio-energy section,
6 one is Robert Wright, and he is in charge of Woodgro, which is a
7 proposition that landscapers are very interested in. He has this material that
8 can be used with the commercial landscaping farms. It's being tested at this
9 time and is not ready for commercialization. In the near future he thinks it
10 will come forth and be ready for commercialization. Ron Moffitt is working
11 on the wood pellets. This is a combination of plastic with the wood fiber.
12 He has learned over the last couple of years that that particular technology
13 will not come to the forefront because of cost factors. In the beginning the
14 plastic was pretty much free, and there was not a cost factor to it. Now there
15 is value in that plastic, so he is reconstituting what he is doing with the wood
16 pellets. He is still working on it, and most of his money is still intact. Ken
17 Moss is the one that spoke about the pyrolysis unit. That unit is in place. I'd
18 like everyone on the Commission at some point in time to see it, because it is
19 impressive. I believe in the next two weeks it will probably be up and
20 running. This is something that the Commission and the farmers and
21 everyone is going to benefit from. If we can prove the technology in
22 Southside, it will definitely spread to Southwest. So, it's something that all
23 of us need to be embracing, and you will be proud of it. You'll hear more as
24 we go forward. Dr. Foster Agblebor, who is a Virginia Tech professor for
25 biological systems engineering, invented technology on the fluidized bed,

1 the catalyst that brings value-added products to the pyrolysis unit like we're
2 talking about at Ken's place. We learned a lot yesterday about this unit.
3 There is still a lot to be done, and questions for this unit, as well as being
4 brought up to speed to work with the unit that we have, and we will be
5 looking at all the avenues. We do know this is a technology that we want to
6 bring forth and have it as part of this pyrolysis unit. It's the value-added
7 products that make everything come full circle, and it's not just to provide
8 improvement, but you've got to have the value-added products to make a
9 profit. We plan to put this thing to commercialization full circle, and I can't
10 say how proud I am, looking forward to this project and looking forward to
11 continuous growth.

12 SENATOR HAWKINS: We have to keep in
13 mind, and there has been much to-do about refineries or the lack there of in
14 the United States and the cost of building new refineries. These systems
15 have a fairly small cost price wise. You could locate them throughout rural
16 areas. They can be cost effective, and you don't have to worry about the cost
17 of building a refinery. I think it's the first baby step to a long-term solution,
18 not only for the problems you have in building new refineries, but for getting
19 diversity throughout a large area and having something like this close by so
20 the farmers can have by not having to drive 500 miles. There is a lot to this,
21 and we need to continue to build upon this. This may be one of the things
22 that we can do to help development, and I'm very proud of the work you
23 have all done. Buddy, I want to thank you, too, because of the access you
24 have all been able to achieve.

25 MR. MAYHEW: I'd like to add something here.

1 One of the main goals from the beginning that Ken Moss has embodied, and
2 that is that this will be a community project, and it's not something that a few
3 wealthy investors would reap profits from. Ken has already formed
4 Piedmont Bio-Products, LLC, and he has a web site and six members that
5 represent the community, so to speak. His vision, and I think what we all
6 see that is so important is the fact that we're working with developing feed
7 stock. Any sale of material such as switch grass, fertilizer or many others,
8 there may be others that might turn out to be better. Tests are being done,
9 and it's going to take several years from the time you plant these things, and
10 it takes several years for the material to mature and run tests on them and
11 determine what's really going to be best suited for our area, and so forth. If
12 this project matures as far as what is envisioned, each locality within say a
13 50-mile radius could have one of these plants, if you will, to derive bio-
14 material from the cellulose materials. To begin with, we've got a good
15 supply of wood. As Ken said, in the next five years, not only this process
16 but others that are turning to wood and cellulose, are going to put a premium
17 on wood products. So, long term you're looking at hopefully many, many
18 acres of land. That might dovetail and include many of these other crops,
19 feed stocks. You can invest quite a bit to get these initially established. I
20 know you can invest quite a bit to get some of these things initially
21 established, and maybe it'll grow for 25 years, you can cut it every year, or
22 maybe every other year. Without feed stocks and massive amounts of them,
23 the project will not succeed. There is a multi-fund effort going on right now.
24 As C. D. said, this is very exciting, and something that if it turns out to be
25 what we believe it can be, it'll be good for Southside and Southwest and who

1 knows where else. We have somebody looking at property rights, and this
2 thing could be huge. So, we're hoping that Ken will continue to be
3 interested in it, and I'd invite anyone ever passing through Gretna to look up
4 Windy Acres Nursery and Ken Moss and go by and see it.

5 SENATOR HAWKINS: I think one of the things
6 this Commission has done is looking forward. We have on the Commission
7 the Secretary of Agriculture and the Secretary of Economic Development.
8 There may be state-wide application for this, too, to be looked at, and this is
9 very exciting. Thank you all for your good work.

10 Next on the Agenda is the Executive Committee report.
11 Delegate Kilgore.

12 DELEGATE KILGORE: Thank you, Mr.
13 Chairman. Before we get to the Executive Committee report, I would like
14 for everyone to look on your desk, and I believe you've been furnished with
15 information on the Southwest Virginia Burley Tobacco Scholarship and the
16 Southside Tobacco Forgiveness Loan documents in front of you. I'd like for
17 everyone on the Commission to take a look at those, because I think this is
18 one of the best programs we've been involved in. By looking at these
19 numbers and looking at where these kids are going to school, I think it is a
20 very telling fact that this is something real that the Tobacco Commission is
21 doing. I'd like to thank Rachel Fowlkes for all your hard work on this
22 Tobacco Scholarship Program. I know we in Southwest, and I'm sure it's the
23 same in Southside, we get a lot of compliments, and a lot of parents and kids
24 come up and talk to you about this whole program. So, I want to thank you
25 all for your hard work. I know it's a very important task, and we appreciate

1 your hard work. Thank you all for that. I just wanted to bring that to
2 everyone's attention, Mr. Chairman.

3 The Executive Committee met on April 17th here in Roanoke to
4 discuss the budget. At this time, if I could, I'd like to turn it over to
5 Stephanie and let her walk us through it. Mr. Chairman, at the end of her
6 presentation, I have a few motions.

7 MS. WASS: If you look behind tab five in your
8 folder, you'll have the details of the budget. To give you an overview, we're
9 looking at the total budget for FY09 of 87 and a half million. 35.7 million
10 will come from interest earnings on the Endowment, and 51.7 is from the
11 Endowment. That would mean a 7.04 corpus invasion and leave a balance
12 of 741.7 million in the Endowment.

13 This is just a summary of the different line items. The
14 administration is not quite at the level it was last year.

15 DELEGATE KILGORE: The administration costs
16 are down?

17 MS. WASS: It's down slightly from last year.
18 Trying to cut back as much as possible.

19 The indemnification out of that 20.6 million, and after that
20 payout it will leave the remaining obligation at 41 million after FY09. Then
21 you'll see the various line items what we proposed for the budget. The
22 Special Projects line items include up to \$11 million designated for the R&D
23 Centers. Up to 2 million for the Healthcare Initiative. Then Education and
24 Economic Development, and the details of that are on the budget.

25 DELEGATE KILGORE: Mr. Chairman, I have a

1 motion, and this was discussed in the Executive Committee meeting, that we
2 have \$29,185,339 in the reserve account which we set aside for the mega site
3 project. I'm asking that we amend the FY08 budget by transferring these
4 dollars from the reserve account to Special Projects. The reason why we're
5 asking to do that, in the Executive Committee we discussed this on the 17th.
6 We had a request for R&D Centers in Abingdon, Danville, Lynchburg and
7 some other places. These R&D Centers are something that this Commission
8 has worked on to try to make sure that we're focused and that we create jobs
9 and create a lot of opportunities and higher paying opportunities for our
10 regions. So, I would make that motion that we amend it and transfer those
11 dollars from the reserve account to Special Projects.

12 SENATOR HAWKINS: Before we vote on that, I
13 want to make a statement about this approach to this research and
14 development. There has been a lot of discussion about these facilities.
15 We've had a lot of discussion in the last six months to a year about these
16 facilities, and I've had contact with people, why haven't we taken an
17 opportunity to find out if we have these facilities in place and there is no
18 decision that has been made. This is just starting the process. Applications
19 are just being received, and there is an open process we have to go through.
20 Special Projects hasn't received any of the reports from any of the
21 committees or any of the people dealing with these structures. What we're
22 trying to do is make sure that Special Projects has the flexibility for the
23 grants that need to be granted and do those things that we want to do, but
24 nothing has been done. Up to this point there has been nothing but
25 discussion about the possibility of doing something. Now the process

1 begins, and it starts with the subcommittee. We'll go through the same
2 identical process as everything else we've done, so it's not springing out. It's
3 just something that's been talked about thus far. We've known about the
4 possibility of these research facilities, and now we'll go through the process,
5 and everyone will have an opportunity to go through the applications and the
6 application of credentials and determine what's in the best interest of the
7 overall structure.

8 DELEGATE BYRON: I'd just like to clarify that
9 one of these that you mentioned is in Lynchburg.

10 SENATOR HAWKINS: Don't feel like anyone is
11 left out of the discussion, because the discussion really hasn't started.

12 DELEGATE KILGORE: It's my understanding,
13 Mr. Chairman, from the Executive Committee meeting, that these
14 applications or proposals will be presented to Special Projects, and at that
15 time there will be a determination made, then it will come back before the
16 full committee.

17 SENATOR HAWKINS: That is the normal
18 process; so please, if there was any concern about this being brought before
19 the full Commission without going through the process, I want to assure you
20 that that's not the case; we just started.

21 DELEGATE KILGORE: Mr. Chairman, one other
22 thing. Is there an application deadline for those projects?

23 MR. NOYES: The established deadline for
24 Special Projects applications is June 2nd. Senator Wampler, who chairs
25 Special Projects, has agreed that the July 1st deadline for R&D projects will

1 be acceptable. So July 1st for R&D projects and June 2nd for all other
2 applications for the Special Projects Committee's consideration.

3 SENATOR WAMPLER: Mr. Chairman, I would
4 encourage those to get the R&D applications completed as soon as possible,
5 and we're still trying to put together some applications. I know some are
6 putting their applications together with the July 1st deadline, but for the
7 benefit of Staff being able to do due diligence, if anybody in the audience or
8 any other members know about applications, please encourage them to
9 submit them on a timely basis.

10 SENATOR HAWKINS: Let me just say that the
11 three or four that you've heard mentioned are, there is no limit, you can have
12 five. There is not a limit of four for an application. We need to make sure
13 we're doing those things we need to do to meet the needs that the research
14 facilities are dealing with. Anything from bio-diesel to creating all kinds of
15 things out there. Is there any other discussion on this motion proposal
16 before we get into the voting on this?

17 DELEGATE KILGORE: Mr. Chairman, I thought
18 we wanted to make it clear that no decisions have been made on this and it
19 will go before the committee process.

20 SENATOR HAWKINS: My understanding is that
21 what we're doing is basically the set aside for the mega project and
22 transferring of those monies to Special Projects to be used, based on the
23 application process. All of the funding may be used or may not be used,
24 based on the applications qualities. Any monies left over after the
25 discussion will go to anywhere we want to put them.

1 DELEGATE KILGORE: That's correct.

2 SENATOR HAWKINS: Senator Wampler chairs
3 the Special Projects Committee.

4 SENATOR WAMPLER: I'd offer a second to
5 Delegate Kilgore's motion.

6 SENATOR HAWKINS: We have a motion that's
7 been made and a second. Any further discussion before we vote?

8 DELEGATE KILGORE: This is amending the '08
9 budget.

10 SENATOR RUFF: This is only on the '08 budget?

11 DELEGATE KILGORE: Amending the '08
12 budget, yes.

13 SENATOR HAWKINS: Any further discussion?
14 All those in favor say aye ? (Ayes.) Opposed, no?

15 DELEGATE WRIGHT: No.

16 SENATOR HAWKINS: One no.

17 DELEGATE KILGORE: Mr. Chairman, I think in
18 your packet you have a resolution of the Tobacco Commission. Basically,
19 what this resolution does is it allows us to invade the corpus. As you know,
20 we're allowed to invade it up to 15 percent if the votes are there. This
21 resolution authorizes us, and it says we can invade the corpus for
22 \$56,181.220 not later than June 30, 2008. That would be a seven and a half
23 percent invasion, is that correct?

24 MS. WASS: 7.04.

25 SENATOR HAWKINS: This is in what should be

1 in accordance with our spend-down policy.

2 DELEGATE KILGORE: That is correct.

3 SENATOR HAWKINS: Something we do
4 periodically, and by law we can go up to 15 percent, but passing 10 percent
5 requires a super majority vote. This is a normal process of putting money in
6 place.

7 DELEGATE KILGORE: I so move that, Mr.
8 Chairman.

9 SENATOR HAWKINS: It's been moved and
10 seconded. Any discussion?

11 SENATOR RUFF: This does not preclude us from
12 making a second withdrawal later in the year?

13 SENATOR HAWKINS: No. The Commission
14 has great flexibility, and I think that's one of the unique things about this
15 committee structure, because we have the flexibility about this committee
16 that we have been granted, and hopefully we can maintain it. Any
17 discussion on what we're about to do? Does everyone understand the
18 motion? That in securitizing we have the flexibility in this process to get the
19 monies we need. All those in favor say aye? (Ayes.) Opposed? (No
20 response.) The motion carries.

21 DELEGATE KILGORE: Mr. Chairman, in
22 accordance with the Executive Committee meeting, I would now make a
23 motion that we approve the fiscal year '09 budget as presented by Stephanie.
24 That's in your tab five. I so move.

25 SENATOR HAWKINS: It's been moved. Is there

1 a second?

2 MR. OWENS: I'll second it.

3 SENATOR HAWKINS: It's been moved and
4 seconded. Any discussion on the budget that has been presented? Does
5 everyone understand? Basically, the budget is a working document, and any
6 of these figures can change, based on our discussions. All in favor say aye?
7 (Ayes.) Opposed, no?

8 DELEGATE WRIGHT: No.

9 SENATOR HAWKINS: Record one no vote.
10 All right, that gets us down to our next item on the Agenda,
11 which is the Executive Director's report.

12 MR. NOYES: The only housekeeping issue for
13 the Commission today, the parking passes for the Commission are on the
14 way. Any commissioner who has already paid, please turn in your receipt
15 and your travel vouchers and sign those vouchers and get them in to
16 Michelle as soon as possible so we can get you reimbursed. Room keys will
17 automatically stop working at noon. July 22nd is the date that is agreed
18 upon by Delegate Kilgore and Senator Wampler for meetings of Special
19 Projects Committee and Southwest Economic Development Committee in
20 Wytheville, Virginia. May 20th at 11:00 at the Heartland Industrial Park in
21 Keysville there will be a meeting of the Southside Economic Development
22 Committee.

23 DELEGATE KILGORE: Mr. Chairman, I was
24 just going to say that as a matter of housekeeping, the folks from Southwest
25 on Technology want to meet when they're having those other meetings to

1 discuss the Technology projects in their part of the world. I would
2 encourage that. On the same day in July?

3 DELEGATE HOGAN: That's up to you, but you
4 can kind of take a look at it, and then we'll meet in Southside, maybe on May
5 20th if we can work that out, maybe sometime in early June, and talk about
6 what we're going to do next.

7 SENATOR HAWKINS: As you know, we've had
8 this last mile project in a lot of locations.

9 DELEGATE KILGORE: Then, based on Clarke's
10 recommendation, I'm not sure what time we'll start with Southwest, but if the
11 Southwest group can get together a little bit earlier on that same day, we
12 could start with Technology and then go into the projects, and then Special
13 Projects could do it in the afternoon. If we could start somewhere around
14 8:30 or 9:00, go into Southwest and then Special Projects, I think that would
15 work.

16 MR. NOYES: Nine o'clock on the 22nd in
17 Wytheville.

18 DELEGATE KILGORE: Others from other parts
19 of Southside coming for Special Projects, we can work that out.

20 MR. NOYES: That completes my report, Mr.
21 Chairman.

22 SENATOR HAWKINS: We've got public
23 comments and then the next meeting date. We're talking about going to
24 Abingdon on the 31st of July. We've got a lot of things popping up in July,
25 and we may have to have a retreat later on. We'll let you all know about the

1 dates.

2 DELEGATE KILGORE: When are you thinking
3 about having a retreat, Mr. Chairman?

4 SENATOR HAWKINS: I was thinking about
5 doing it in July and giving Kathy time to go through her Long Range
6 Planning Committee and making recommendations. The way it's structured
7 right now in July, we may have to do it the first week in August.

8 MR. NOYES: I'll work with Delegate Byron in
9 trying to set that up.

10 MR. HITE: Mr. Chairman, when does the Long
11 Range Planning Committee meet?

12 DELEGATE BYRON: We're trying to get some
13 dates in June if we can have good attendance. I'll have to poll the members
14 and find out when we can get together.

15 SENATOR HAWKINS: If you do that, inform all
16 the Commission members in Southside as to your meeting schedule, and
17 Southwest, so that everybody who wants to attend can be there. I also would
18 like to ask Secretary Gottschalk to serve on your committee, if that's all
19 right.

20 DELEGATE BYRON: That will be fine.

21 DELEGATE KILGORE: Can somebody remind
22 us who is on the Long Range Planning Committee?

23 DELEGATE BYRON: Frank, William, Tommy
24 Wright, those are the legislators, and the rest.

25 DELEGATE KILGORE: I was making sure I

1 wasn't on it.

2 SENATOR HAWKINS: Everyone on the
3 Committee raise your hand. Kathy Byron, Tommy Wright, Senator Puckett,
4 Senator Ruff, Senator Wampler. I think we should have two volunteers that
5 would like to serve on this subcommittee. Jack Hite and Steve Banner.

6 All right, public comments. Is there anyone who would like to
7 make a comment? Yes, ma'am. Would you come forward and give us your
8 name?

9 MS. WISE: My name is Jennifer Wise with the
10 Art Museum here in Roanoke. I'd like to extend an invitation to all to visit
11 our Art Museum following today's meeting. It's not very far from here. As
12 you know, it's a very interesting-looking building. It will take about 20
13 minutes. If they would meet me on the corner of Market at the end of the
14 stairs.

15 SENATOR HAWKINS: For those folks who
16 would like to do that, would you raise your hands, so she'll know where to
17 meet you? I know it enhances the downtown.

18 MS. WISE: It really does.

19 SENATOR HAWKINS: All right. Any other
20 comments? Before we adjourn, I've got to ask a question. Yesterday as we
21 were leaving the demonstration in Gretna it was raining cats and dogs, the
22 road was less than desirable, and Mr. Foster slipped into a ditch. His car was
23 slowly sinking as I drove by. Did you get him out?

24 MR. BRYANT: Yes, sir. Mr. Chairman, he gave
25 us a recap for two hours yesterday after that.

1 SENATOR HAWKINS: I appreciate the way
2 we've done this fairly rapidly today, and all the reports. The good thing
3 about the subcommittees is that we're able to get a lot done. Also one of the
4 reasons why we need to look at the structure of how we do these meetings.
5 If anyone feels like they're being left out of the process, we won't do it. I
6 don't want anyone to feel like they're being left out of the process. By
7 having fewer meetings, there may be some of that. Just let us know how you
8 feel, please.

9 MR. MAYHEW: I think four meetings a year, Mr.
10 Chairman, is a minimum. I know a lot of you are very busy, and time is of
11 the essence. But, I feel like maybe there should be more meetings rather
12 than fewer. I think cutting it back to three, we need more. One of the things
13 is, it's hard to get to know all of the new people. Sometimes it takes a year
14 or two to kind of get to know everyone and know who's on the
15 subcommittees. These meetings are brief, and we're in and out. I think it
16 should stay at least at four.

17 SENATOR HAWKINS: The meetings are very
18 important. That's food for thought, Buddy. Anything else to come before
19 the Commission?

20 SENATOR WAMPLER: I'll try to do this as
21 quickly as I can, Mr. Chairman. There are two points I'd like to try to make.
22 First, with regard to the research and development issues that are going on, I
23 find it fascinating, and I think this is what the Commission should be about,
24 and that is making long-term investments. If we make investments, any kind
25 of science work, the science work has to be monetized, and

1 commercialization is a factor. I think it's a good idea to get Staff to
2 communicate and give us an update on it if they are able, so we can try our
3 best to understand them before we meet. I think it's important for us to
4 know where the next investment decision point is. I think it's exciting what's
5 happening in Southside. If it proves feasible, we need to make more
6 investments. In my opinion, we need to be more of a minority investor
7 rather than a majority investor at that point. I think for long-range planning
8 purposes it would help if we knew when that window of research is, if it's
9 two years or five years, and are we meeting our goals. I say that in a
10 positive and hopefully in a constructive manner. If the investment works,
11 we ought to continue to see that project along.

12 The last one I'll try to make goes to the Long Range Plans and
13 the Strategic Plans. I read the Blue Ribbon Task Force Report twice. It
14 dawned on me that with 31 members trying to agree on most of what we're
15 trying to do, it's a pretty strong task. What I'm trying to say is, whether
16 you're a new member or a member that's been on the Commission for some
17 time, let your voice be heard, and let us work that into the strategic plan, and
18 sometimes we'll have to change that plan. It is a living document, but we
19 need to institutionalize those plans so that we can make investments, not just
20 on the spur of the moment, but try to live beyond whoever is sitting at this
21 table two years or four years from now. What I'm trying to say to all
22 members is that if you have an idea and something strikes your fancy, let
23 Delegate Byron know, and let the Committee know, and let's bring it back in
24 a thorough and methodical way so that we can all comment and hopefully
25 move forward. I say that in a very constructive manner and not passing

1 judgment on anything we have done or may do in the future.

2 SENATOR HAWKINS: That is correct. With our
3 mission, and we need to maintain that flexibility and flow with the needs of
4 the Committee and communities that we represent.

5 Anything else to come before the Commission? Going once,
6 twice, we're adjourned.

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8 PROCEEDINGS CONCLUDED.

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CERTIFICATE OF THE COURT REPORTER

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2
3 I, Medford W. Howard, Registered Professional Reporter and
4 Notary Public for the State of Virginia at large, do hereby certify that I was
5 the court reporter who took down and transcribed the proceedings of the
6 **Virginia Tobacco Indemnification and Community Revitalization**
7 **Commission Full Commission Meeting when held on Tuesday, April 29,**
8 **2008 at 10:00 a.m. at the Hotel Roanoke, Room Roanoke D, Roanoke,**
9 **Virginia.**

10 I further certify this is a true and accurate transcript to the best
11 of my ability to hear and understand the proceedings.

12 Given under my hand this 5th day of May, 2008.
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19 Medford W. Howard

20 Registered Professional Reporter

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24 My Commission Expires: October 31, 2010.